

CERTIFICATION
(Mutual Water Company)

RE 699B (Rev. 9/00)

SUBDIVISION INFORMATION

SUBDIVIDER

SUBDIVISION NAME

TRACT NUMBER

PHASE NUMBER

COUNTY

DRE FILE NUMBER

MUTUAL WATER COMPANY NAME

GENERAL INFORMATION

Pursuant to Corporations Code Section 14312(a), prior to the offer for sale or lease of lots within a subdivision which will be provided water for domestic use through the formation of a mutual water corporation as described in Section 14311, the subdivider must make the following representations and assurances as part of the application for a public report. [Refer to Chapters 1 and 2, Part 7 (commencing with Section 14300) of Division 3, Title 1, Corporations Code for applicable statutes relating to mutual water companies.]

REPRESENTATIONS & ASSURANCES

The following representations and assurances are hereby provided as part of the application for a public report for the above referenced subdivision:

1. That the provisions of Chapter 2, Part 7 of Division 3, Title 1 of the Corporations Code have been complied with.
2. That the area in which the mutual water company proposes to deliver water encompasses and includes the entire subdivision, and when applicable, will include parcels to be annexed to the subdivision.
3. That the mutual water company has contacted the Public Utilities Commission and the county local agency formation commission to determine if the proposed area described in item 2 above will overlap an existing water service area or if an existing water service area could more appropriately serve the subdivision.
4. That the mutual water company has a source of, and title to, a water supply, distribution and fire protection system sufficient to satisfy expected demands for water from the subdivision.
5. That copies of the contracts and other documents relating to the acquisition by the mutual water company of the water supply, distribution, and fire protection system have been delivered to, and are on file with, the mutual water company and that these contracts and documents evidence the mutual water company's title to the water supply, distribution and fire protection system.

Note: The "contracts and other documents" referred to above shall include: any bill of sale transferring all personal property used and usable in the operation of the mutual water company; copies of any recorded deeds to the wells and water tanks to be used by the mutual water company in the supply, distribution and fire protection system; copies of any recorded deeds granting easements for construction, repair, maintenance and improvements of the water supply, distribution and fire protection system. [Reference: Section 14312(b)]

6. That the subdivider or applicant has executed and entered into a written contract with the mutual water company wherein the subdivider or applicant has agreed to pay monthly a proportional part of the repair and replacement fund according to a ratio of the number of lots owned or controlled by the subdivider to the total number of lots in the subdivision.

Note: The "written contract" referred to above shall provide that in consideration of the transfer by the subdivider to the mutual water company of the water supply, distribution and fire protection system, the mutual water company agrees to do all of the following [Reference: Section 14312(c)]:

- (1) Sell and issue securities to the purchasers of the remaining lots/units in the subdivision on the same terms, except for price if the difference is justified, as the initial purchasers.
- (2) Cooperate with the subdivider in the operation, maintenance and improvement of the present and contemplated water supply, distribution and fire protection system.

- (3) Contract with the subdivider, or a successor in interest, if a reasonable request is made to do so, for the management of the mutual water company for as long as lots in the subdivision remain unsold. The terms of the contract shall be subject to approval by the board of directors of the mutual water company, including terms related to the compensation to the subdivider, or successor in interest, if any.
7. That an engineer's report has been prepared in accordance with Section 14313 of Chapter 2, Part 7 of Division 3, Title 1 of the Corporations Code and Sections 260.504.2 to 260.504.2.4, inclusive, of Title 10 of the California Code of Regulations and is on file with the mutual water company.
 8. That the mutual water company will distribute potable water for domestic use and has obtained, and has on file, a copy of the certificate of the Director of Public Health, as required by Sections 116300 to 116385, inclusive, of the Health and Safety Code.
 9. That the securities of the mutual benefit water corporation will be sold or issued only to purchasers of lots in the subdivision, or to successors in interest of purchasers of lots in the subdivision, and not sold or issued to the subdivider, applicant, or to the successor in interest of the subdivider or applicant, and that the securities shall be sold or issued only after a public report for the subdivision has been issued by the Real Estate Commissioner.
 10. That the securities to be issued by the mutual water company are appurtenant to the land pursuant to Corporations Code Section 14300.
 11. That the water supply and distribution system will serve each lot in the subdivision and be completed prior to issuance of the public report by the Real Estate Commissioner.
 12. That there is a statement on file with the mutual water company which has been signed by either the engineer who prepared the engineer's report referred to in item 7 above or by a person employed or acting on behalf of a public agency or other independent qualified person, confirming that the water supply and distribution system has been examined and tested and operates in accordance with the design standards required by Chapter 2, Part 7 of Division 3, Title 1 of the Corporations Code.
 13. That the articles of incorporation or bylaws of the mutual water company contain all of the requirements per Corporations Code Section 14312(a)(13).
 14. That an offering circular has been prepared in compliance with Corporations Code Sections 14312(d) and (e) and will be used in any offer and sale of the securities of the mutual water company and delivered to each prospective purchaser of the securities.
 15. That the writings and documents evidencing compliance with all of the above provisions for this subdivision are on file as part of the permanent record of the mutual water company.

CERTIFICATION

I/We hereby certify that all of the representations and assurances are true and correct.

Note:

- Certification signed outside the State of California must be acknowledged by a Notary Public.
- If the subdivider is a corporation, limited liability company (LLC), partnership, etc., the individual(s) signing the certification must stipulate the capacity (e.g., president, manager, general partner, etc.) of the signer and an authorization to sign (e.g., a corporate resolution, LLC statement, partnership statement, etc.) must be submitted.
- If an agent will be signing on behalf of the subdivider, the subdivider must provide written authorization to that effect.

SIGNATURE OF SUBDIVIDER	DATE
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PRINTED NAME OF SUBDIVIDER	TITLE
NAME OF CORPORATION, LLC, PARTNERSHIP, JOINT VENTURE (IF APPLICABLE)	
BUSINESS ADDRESS (STREET ADDRESS, CITY, STATE, AND ZIP CODE)	